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SUBJECT: KRG PRESIDENT BARZANI PLEDGES COOPERATION ON
PROVINCIAL ELECTIONS LAW, SFA, TURKEY/PKK, HYDROCARBONS,
ARTICLE 140

Classified By: Ambassador Ryan C. Crocker for reasons 1.4 (b) and (d).

11. (C) Summary: During Ambassador's July 20 trip to Erbil, Kurdistan Regional Government (KRG) President Masoud Barzani said he is ready to travel to Baghdad within the week to discuss the Strategic Framework Agreement (SFA) with PM Maliki. Ambassador noted the KRG's improved relations with Turkey, but called for further KRG action to restrict PKK movement. Masoud noted negotiators in Baghdad may be close to a deal on the draft Provincial Elections Law, and gave assurances the KRG will help solve the impasse. On the draft Hydrocarbons law, Ambassador and EconMin argued that holding up the law is not in the KRG's interest and that time is not in their favor. Masoud said KRG negotiators would show "maximum flexibility," although he and KRG Prime Minister Nechirvan Barzani remain deeply suspicious of attempts by Baghdad to reduce the region's power and authorities. On Article 140, Masoud pledged KRG support for the UNAMI process on disputed territories. Senior Advisor Krajeski pressed Masoud to instruct local officials not to impede UNAMI's work or intimidate those who want to talk to the UN. End summary.

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Masoud Willing to Discuss SFA with Maliki in Baghdad
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12. (C) The Ambassador told President Masoud Barzani that PM Maliki appears now to favor parallel U.S.-Iraq negotiations on three security-related documents: the strategic framework agreement (SFA); the "short protocol" (the bridging document to cover the period starting January 1, 2009); and the "long protocol" (the long-term SOFA-type agreement). Ambassador explained it is unrealistic to think we can solve all the technical issues that must appear in a long term agreement by the end of the year. He suggested Masoud consider traveling to Baghdad to reinforce with Maliki the need to get some kind of authorities/immunities agreement in place by December 31.

13. (C) Barzani assured Ambassador he would be willing to travel whenever needed. Ambassador said we would provide an update on the ongoing discussions in Baghdad, but noted that a Barzani visit and meeting of the Presidency Council (the "3 1 1") some time between July 25 (when the PM returns from Italy and Germany) and July 31 (when President Jalal Talabani departs for the U.S.) might be necessary. Masoud blamed Iran for forcing Maliki to take a harder line and said outside interference in this sovereign Iraqi decision is unacceptable. Masoud reiterated the KRG's complete support for a SOFA (and a U.S. base in the KRG), to which Ambassador responded that it was in the interest of the KRG and U.S. to ensure strong U.S.-KRG ties are replicated in other parts of the country.

14. (C) KRG Senior Advisor Rowsh Shaways, who has been in close contact with Maliki recently, said he believes the PM may have changed his mind on the timetable of the SFA in response to pressure from Iran. Maliki reportedly asked in a

July 16 meeting "how, if the strongest U.S. presidential candidate is talking sixteen months, can I speak about three years?" Masoud said that Maliki seems to be ready to accept it will be 2010 before the "evacuation" (jalaa', in Arabic) of U.S. troops. Ambassador responded we have told Maliki we know that word was used to describe post-colonial and post-Suez withdrawals of French and British troops and we find it offensive. Ambassador noted that Maliki said in an interview with Der Spiegel magazine that the SFA will include a short timetable for transitioning out of U.S. combat forces, but Maliki has told us he agrees that such decisions on the timetable would be made based on security conditions.

Improving KRG Relations With Turkey, But Need Stronger
Anti-PKK Action

15. (C) Ambassador noted the evolution of the Turkish government position on the KRG (i.e., that Ankara will now deal directly with KRG officials) and said the decision is welcome. He noted that KRG assistance in anti-PKK efforts -- like better traveler screening at airports and strengthened internal checkpoints -- sends an important signal, but he called for more robust KRG efforts to further restrict PKK movement. Masoud agreed there has been a "positive change" in Ankara and expressed gratitude for U.S. assistance in improving KRG-Turkey relations. He regretted that PM Nechirvan Barzani had been unable to meet Turkish PM Erdogan on the latter's recent trip to Baghdad. Ambassador encouraged them to take advantage of the next opportunity. Acknowledging that there have been differences of opinion

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between KRG and Turkish leaders on how best to address the PKK threat, Masoud said no one should doubt the KRG's commitment.

Pressing KRG to be Flexible on Provincial Elections Law

16. (C) Ambassador laid out for Masoud our current understanding of the negotiations in the Council of Representatives (CoR) on the Provincial Elections Law. He stressed the importance to the U.S. and to Iraq of swift passage of a compromise text, saying it would be "close to a disaster" if the parties fail to bridge their differences on this. Noting there has been progress towards an agreement that would establish a division of provincial administrative positions, Ambassador asked KRG negotiators to show flexibility wherever possible. Masoud said he had instructed his people to show "maximum flexibility" on the administrative positions issue and that the parties are close to agreement. Calling Speaker Mashadani "either half-wise or half-crazy," Masoud commented that democracy is good but complicated. Ambassador thanked Masoud for directing his people to be flexible and said passage of the law would send an important signal to the international community.

Urging KRG to Seize Opportunity to Pass Compromise
Hydrocarbons Law

17. (C) Ambassador expressed disappointment with the KRG position on the draft hydrocarbons legislation, calling for additional Kurdish flexibility. EconMin Ries stressed the importance to the KRG itself of moving ahead quickly to help pass a law, in terms of increasing national revenue, raising the value of oil contracts already signed with the KRG, and in order to facilitate the export of oil discovered under the KRG contracts. He told Masoud that time is not on the KRG's side and the need for progress is urgent.

18. (C) Masoud said he left the technical details up to the PM

and others and was not aware of the current state of negotiations. He noted, however, that the KRG wants to ensure that in terms of revenue, they will not "be at the mercy of Baghdad" or "strangled" by Oil Minister Shahrستاني.

Later, Nechirvan reiterated that the KRG could not allow Baghdad to control all KRG revenue and possess the ability in the future to shut off the flow. As did Masoud, Nechirvan said the hydrocarbons legislation must be made consistent with the protections for regions built into the Constitution.

EconMin Ries said KRG leaders need to be careful when expressing concern publicly that legislation could threaten the Constitution, lest others who don't like elements of the Constitution be tempted to use legislation to try to undermine it. In any case, Ries observed, the Constitution is the supreme law and cannot be amended by simple legislation. Shaweys acknowledged that, in any conflict between Constitution and legislation, the former should prevail, but said lawmakers' first responsibility is to ensure draft legislation is consistent with the Constitution.

¶9. (C) Nechirvan said that in their last conversation, PM Maliki admitted that Oil Minister Shahrستاني had made some mistakes and (reportedly at Nechirvan's suggestion) said he will form a political level committee to work this out and chair it himself. The KRG is ready to be absolutely transparent about its oil dealings, in order not to complicate the talks, he said. Increasingly animated, Nechirvan said "We realize Baghdad is trying to reduce the power, authorities, and prestige of the regions. Having won substantial autonomy, we don't want to lose this final battle." Shaweys added that the hydrocarbons law has little stand-alone value without a revenue sharing agreement, which is another reason a political level meeting will have to address this.

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Masoud Critical of Aspects of UNAMI's Article 140 report, but Willing to Stay Engaged
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¶10. (C) Ambassador asked for Masoud's assessment of the article 140 process. Senior Advisor Krajewski acknowledged some KRG criticism with the first round of UN findings but said KRG support for the UNAMI-led process is crucial. Krajewski stressed strong U.S. political and logistical support for UNAMI, which "represents the best opportunity" to

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solve long-standing territorial issues. Masoud acknowledged the UN process would give the results international legitimacy and pledged KRG support. He said "we are serious; we want a solution," but complained that other parties make a solution more difficult by proclaiming Article 140 dead.

¶11. (C) Masoud criticized the UN for not using standard criteria in making determinations. In the first phase report, he said, the UN disadvantaged Kurdish interests by putting a premium on protecting the territorial integrity of administrative units in some areas (e.g., recommending against splitting Mandali from Baladrooz) while splitting off non-Kurdish sub-districts from Kurdish majority districts in others (e.g., Makhmour). Masoud told a story we had heard from him before that SRS de Mistura had spoken to Arab tribal groups in northern Ninewa Province who want to join the KRG. In Masoud's telling, de Mistura told Masoud he asked them to make that point in Baghdad. Masoud said UNAMI should try to gauge popular opinion by examining the 2005 election, holding a referendum, or dividing villages based on ethnography.

¶12. (C) Special Advisor Krajewski told Masoud we have heard reports that some individuals have been prevented by local officials from speaking to the UNAMI assessment teams. He asked Masoud to make clear to local officials that no one is to be prevented from talking to the UN and no one is to be

intimidated for doing so. Masoud agreed, pledging "serious cooperation." He complained, however, that some Assyrian, Yezidi, and Shabak leaders are always making such charges. Among the Assyrians, he said, there are significant differences of opinion. Regarding Yezidis and Shabaks, Masoud said people should be free to choose their identity (i.e., whether they are Kurds or not) and not be dictated to by their leaders.

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